

End-course revision - Key

I. *Word form:*

1. "Creditor" in Direct debit method is the same as "...**originator**...." (originate)
2. It's difficult to calculate profit because of the ...**uncertainty**... of the future price. (certain)
3. At the end of the leasing contract, the machine belongs to the...**lessor**.... (lease)
4. When you allow the foreign banks to debit your account, you should make a note of the credit entry in your ...**reconciliation**....account. (reconcile)
5. He recovered stolen...**valuable**....the other day. (value)
6. The new product is of good quality, it's highly ...**marketable**..... (market)
7. Are these currencies ...**convertible**..... (convert)? (can be changed)
8. With so many...**variable**...., it's difficult to estimate the exact cost. (vary)
9. These buildings are in public...**ownership**... (own)
10. There is very little profit in selling home-made goods at present, business is...**non-profit**... (profit)
11. (consume)...**Consumer**.....credit enables a personal customer to buy on hire purchase.
12. In factoring (deal)...**dealing** ... the suppliers have to decide whether to give credit and if so how much and for how long .
13. If the supplier's invoices are not (pay) ...**paid**...the customers have the benefit of the goods without having to fund them.
14. Supplying on credit is like (provide)...**providing**....a loan.
15. Trade credit arises in situations of free (compete)...**competition**...where businesses compete with each other to supply the same goods at similar prices.
16. Those companies are not profitable under such an (effect) ...**ineffective**.... policy.
17. The staff in this bank work very hard , however their efforts seem to be (produce) ...**unproductive**....
18. The economy was (balance) ...**unbalanced**...by over production.
19. Many of these economic terms are (comprehend) (= *bảo trợ, bảo hộ*) **incomprehensible** to ordinary people.
20. In trade late payments are (desire) (= *mong muốn, ao ước*) ...**undesirable**....but sometimes are (avoid) ...**unavoidable**....

II. *Rewrite the following sentences:*

1. I'm sorry now that I didn't apply for a business expansion loan.
- I'm sorry **not to have applied for a business expansion loan**
2. We may not be able to increase your agreed limit.
- Your application **for an increase in your credit limit may have to be turned down** (đáp án khác: **not be accepted**)
3. It's quite pointless to complain.
- There's **no point in complaining**

4. The workers only called off the strike after a pay offer.
- Only after **of pay after did the workers call off the strike**
5. The bank let me use my credit card for the first time last year.
- I was **allowed to use credit card for the first time last year**
6. Our personal loan hasn't been confirmed yet.
- We haven't received **the confirmation of our personal loan**
7. The clerk told me that my travellers' checks would be ready next Monday.
- According to **the clerk, my traveller's checks would be ready next Monday**
8. It's not certain that John will get the overdraft permission.
- It's open **to question whether I will get the overdraft permission**
9. Alan spent too much on this new house, and this led to his overdraft.
- Alan's overdraft **was led by spending too much on this new house**
10. A banker's draft will charge you at least \$20.
- You won't be able **send the money by banker's draft for less than \$ 20**
11. The central bank controlled inflation by imposing a credit squeeze on banking system.
- Inflation **was controlled (by the central bank) by imposing**
12. If you make any kind of investment you should learn as much as possible about how the money will be used.
- Before **making any kind of interest, you should learn as much as possible about how the money will be used**
13. They shared the profits equally.
- They divided **the profits in equal shares**
14. There are a lot of people trying to get this job.
- There is a **strong competition for this job**
15. Although we disagreed on details, we were in substantial agreement over the plan.
- In spite of **our disagreement on details, we were in substantial agreement over the plan**
16. People who don't have insurance have to pay for their own repairs.
- People without **having insurance have to pay for their own repairs**
17. If you lose your card, the maxi-mum liability you have to pay is 25 USD.
- In case **you lose your card, the maxi-mum liability you have to pay is 25 USD**
18. "How long have they banked with you". The bank clerk asked me.

- The bank clerk asked **how long they had banked with me**

19.” Why don’t you invest in this project?”.

- He advised **me to invest in that project**

20. Two people have been fired for sleeping on the job so far.

- The management **has fired two people because of sleeping on the job so far**

21. He has just taken out a long-term loan from his bank.

-A long-term loan **has just been taken out from his bank**

22. They did not go to the bank as usual because they were ill.

-Because of **being ill they did not go to the bank as usual**

23. The loan is too big for him to pay back immediately.

- The loan **is so big that he can not pay back immediately**

24. Fill in the form and give it to the cashier.

-The bank clerk asked **me to fill in the form and give it to the cashier**

25. The director is the oldest in my bank.

- No one in my bank **is older than my director**

26. I have had a close relation with this bank for 5 years.

- I started **to have a close relation with this bank for 5 years**

27. I’m fond of the staff in this branch although they sometimes behave terribly.

- In spite of **theirs terribly behaviors sometime I’m fond of the staff in this bank**

28. My electricity bill is very big and I can not pay it off.

- My electricity **is too big for me to pay it off**

29. Her mother has never withdrawn money from ATMs before

- This is **the first time her mother has withdrawn money from ATMs**

30. “Please cross the mistakes out when you write a cheque” the bank clerk said.

- The bank clerk **asked me to cross the mistakes out when i wrote a cheque**

III. Sentence building:

1. Buying/ invoices/ way/ debts.

Buying unpaid invoices is a way of raising money from debts

2. With/ open account/ price/ agree/ goods/ ship.

With the open account method, the price is agreed before the goods are shipped

3. L/ C/ represent/ safest/ fastest/ way/ securing settlement/ export/ as/ exporter/ retain/ control/ document of title/ goods.

L/C represents a safest and fastest way of securing settlement for export as the exporter retains to control the document of title of the goods

4. Documentary collections/ mean/ there/ documents/ include/ collection order/ which/ send/ exporter's bank/ collection/ importer.

Documentary collections means that there are documents including collection order which is sent to the exporter's bank to collection from the importer.

5. With L/ C/ there/ risk/ issuing bank/ because/ credit/banks/ deal in/ documents/ not/ goods.

With L/C, there is a risk to the issuing bank because the credit only deals in the documents not in goods

6. Bill of exchange/ credit instrument/ which/ issuing bank/ pay/ sum of money/ certain time/ after sight.

Bill of exchange is a credit instrument which orders the issuing bank have to pay a sum of money at a certain time after sight.

7. Banks/ need/ take assets/ know as/ collateral security/ when/ grant loans.

Banks need to take assets know as collateral security when granting loans

8. To attract/ customers/ provide/ various needs/ banks/ develop/ methods of payment.

To attract more customers and to provide for their various needs, the banks have to develop different methods of payment.

9. Free market/ businesses/ competition/ more sales.

In the free market, many businesses have to fight in tough competition to get more sales

10. Banks/ provide/ short-term/ finance/ mean/ overdrafts/ loans/ exporters.

Banks are providing short-term finance by means of overdrafts or loans to the exporters.

IV. Sentence completion:

1. With the open account method of payment, after the goods have been shipped, **the importer will send payment either immediately or monthly according to agreement**
2. If there is a period of credit, the L/C is based on **Documents against Acceptance terms**
3. Capital goods are **goods which are used to manufacture other goods**

4. A business is producing far less than it could produce means **it is producing under capacity**
5. The lessee owns the equipment when **the lease purchase agreement is due** (hoặc: **is end**)
6. Much of the work in credit control depends on information about **credit worthiness and credit status of the debtors**
7. To obtain the maximum advantage of market, credit **must be a good risk/ credit must be given to the customers**
8. To pay current cost at the end of the month, it's important to make sure that **the company have got enough money to avoid negative Cash flow position**
9. Lease purchase differs from leasing in that the former **is a kind of renting and buying at the same time** while the latter **is a kind of renting**
10. Capital invested in a company for joining a part of the management is ...**venture capital** (Giáo trình English for Banking 2, Trang 38, dòng 6)
11. The discount rates of an acceptance bill depend partly on the ...**status**... of accepting house and partly on the current ...**interest rates prevailing** at the time
12. The better known the accepting house the ...**finer (/smaller/ lower)** the discount rates

V. Choose the correct answer:

1. Market economy is a system of producing wealth based on the free operation of business and trade... government controls.
A. within **B. without** C. of D. under
2. Closed economy is the economy of a country that does not participate in international trade and ... no exports, imports, or economic transactions with any other country.
A. are of B. have **C. has** D. doesn't have
- (Nền k/tế hàng hoá)
3. Barter economy has no medium of exchange and goods are... directly or swapped for other goods.
A. traded B. bought C. sold D. paid
4. Asset is the ... of a person, company, etc, that has value and that may be sold to pay a debt.
A. property B. poverty C. prosperity D. prospect
5. Liability is the amount of debt that ... paid.
A. must be B. cannot be C. has to D. had to

6. Economy of scale is a reduction in costs because of an increase in the scale of ...
A. product **B. production** C. produce D. producing
7. Many companies are now expanding to ... from economies of scale.
A. prosper B. transfer C. benefit **D. profit**
8. To default is to fail to fulfill a contract, agreement or duty or to fail to... a debt.
A. pay B. pay for C. pay out D. pay on
9. Takings is the amount of money that a shop, theatre, etc, gets... selling goods, tickets, etc.
A. to B. for **C. from** D. on
- vv
10. What is the name of the document that an exporter receives from the shipping company when goods have been placed on board the ship?
A. invoice C. certificate of origin
B. bill of lading **D. bill of exchange**
11. A documentary letter of credit is opened at the request of one of your customers. Is the customer:
A. the exporter **C. the importer**
B. the beneficiary D. the drawer
12. Under a documentary letter of credit which is:
(i). the bank in the buyer's country,
(ii). the bank in the seller's country?
A. advising bank; issuing bank
B. issuing bank; remitting bank
C. issuing bank; advising bank
D. advising bank; presenting bank
13. Your customer asks your bank to handle a collection outwards on her behalf. Are you:
A. the presenting bank C. the issuing bank
B. the remitting bank D. the advising bank
14. A company that has the use of a vehicle upon payment of a sum of money on a regular basis over a long period of time is using the finance service of:
A. factoring C. hire purchase
B. leasing D. installment credit
15. A company customer of the bank obtains finance against its debtors, protection against bad debts and has a sales ledger accounting service. It is using:
A. invoice discounting **C. factoring**
B. leasing D. A discount house

VI. Gap-filling

1. Banking is similar to industry (1) ...**in**that it makes a profit by selling; The difference is that a bank sells services, or “products” rather (2) ...**than** actual physical goods. A bank conducts its business (3) ...**by**offering a comprehensive range of financial products to the public in order to(4) ...**attract**deposits. As we have seen earlier, the larger a bank’s deposit base, (5) ...**the**more money it is able to lend, and through this (6) ...**lending** a bank earns its profit. It is evident therefore, that the range of products that a bank offers their (7) ...**customers**will have a vital impact (8) ...**on**the size of a bank’s deposit base, and therefore on its lending. Of equal importance is the manner in (9) ... **which**these products and the bank itself are presented (10) ...**to**the public and this in turn is represented by the quality of bank services.

2. An overdraft facility is an agreement by (1) ...**which**....a customer is allowed to withdraw money in excess (2) ...**of**the available credit balance, up to an agreed (3) ...**limit** This facility is available only (4) ...**on** a current account. An overdraft facility (5) ...**allows**traders and people in business the flexibility of paying for goods or services immediately (6) ...**before**receiving payment from their own buyers. Overdraft facilities are reviewed at regular intervals, for example, (7) ...**say** six months. The bank only extends such a facility subject to the condition that repayment of the debt will be made by the customer(8) ...**on** ...demand.

3. Leasing is a contractual arrangement (1) ...**whereby**... one party, in return (2) ...**for** an agreed rent, uses a capital asset owned (3) ...**by**another party Such leased assets (4) ...**are**usually plant and equipment but may include other assets such as aircraft, ships, containers and oil rigs.

Occasions arise where a company (5) ...**needs**to buy capital plant and equipment but is (6) ...**unable**to do so even on installments basis. This may be because the company is short (7) ...**of**cash, and the position would get worse with the additional purchase of fixed assets; or perhaps the plant carries a high obsolescence risk.

Such a company might consider (8) ...**leasing**the plant or machinery it requires. To do this the company approaches a leasing company which will (9) ...**buy**the goods from the manufacturer. The manufacturer gets paid (10) ...**in** full by the leasing company, usually after installation at the hirer's premises.

VII. Reading:

1. Reading one:

Individuals and groups of people doing business as a partnership, have unlimited liability for debts, unless they form a limited company. If the business does badly and can not pay its debts, any creditor can have it declare bankrupt. The unsuccessful business people have to sell nearly all their possessions in order to pay their debts. That is why most people doing business form limited companies. A limited company is a legal entity separate from its owners, and it is liable for the amount of capital that has been invested in it. If a limited company goes bankrupt, it is wound up and its assets are liquidated (i.e sold) to pay the debts. If the assets don’t cover the liabilities or the debts, they remain unpaid. The creditors simply do not get all their money back.

A successful, growing company can apply to a stock exchange to become a public limited company (GB) or a listed company (US). Newer and smaller companies usually join “over-the-counter” markets, such as Unlisted securities Market in London or Nasdaq in New York. Very successful businesses can apply to be quoted or listed (i.e. to have their shares traded.) on major stock exchanges. Publicly quoted companies have to fulfill a large number of requirements, including sending their shareholders an independently-audited report every year, containing the year’s trading results and a statement of their financial position.

The act of issuing shares (GB) or stocks (US) for the first time is known as floating a company (making a flotation). Companies generally use an investment bank to underwrite the issue, i.e. to guarantee to purchase all the securities at an agreed price on a certain day, if they can not be sold to the public. Companies wishing to raise more money to expansion can sometimes issue new shares, which are normally offered first to existing shareholders at less than their market price.

1. Find the words from the text which mean the following:

- a. Having a responsibility or an obligation to do something, e.g. to pay a debt **..liability**.
- b. A person or organization to whom money is owed (for goods or services rendered, or as repayment of loan) **creditor** (Dòng 3 của bài Text)
- c. To be insolvent : unable to pay debts **(goes) bankrupt** (Dòng 3 hoặc 6,7)
- d. Everything of value owned by a business that can be used to produce goods, pay liabilities, and so on **asset** (Dòng 7)
- e. To sell all the possessions of a bankrupt business **liquidate** (=Thanh lý) (Dòng 7)
- g. To provide money for a company or other project **invested in** (Dòng 6)
- h. To guarantee to buy an entire new share issue, if no one else wants it ...**underwrite** (Dòng 5 từ dưới lên)

2. Answer the questions below :

- a. What topic is the passage concerned with ?
- b. What are the obligations of publicly-quoted company ?
- c. What is an over-counter market ?
- d. How do companies raise further share capital ?

a) **The topic concerned with kinds of company and how to a company raises capital to avoid goes bankrupt or to grow**

b) The obligations of publicly-quoted company: **The company have to fulfill a large number of requirements, including sending their shareholders an independently-audited report every year, containing the year’s trading results and a statement of their financial position**

c) An over-counter market **(i.e Unlisted securities Market in London or Nasdaq in New York) is where has many public limited companies (GB) or listed companies (US)**

- d) To raise further share capital, **the companies can issue new shares**

2. Reading two

A. Gap-filling:

The rapid development of factoring in recent years has proved its importance to all parties involved, especially to the suppliers who have to supply goods on credit because of the tough (1) ...**competition** ..., an inevitability in the free market.

Factoring enables the supplier to (2) ...**raise** ... money from the unpaid invoices, solving the (3) ...**shortage** ...of capital for their further production.

Another advantage is that they don't have to employ extra staff to collect payments from their customers and pay interest on the money used by their customers. Moreover, the suppliers can take advantage of factoring services to (4) ...**regulate** ...their cash flow position, that is to avoid the negative cash flow position by agreeing with a factoring company (usually a bank) the date when they pay money for the unpaid invoices. The suppliers can, then, use this money to (5) ...**settle** ... some fixed payments such as salary and wage payments to employees, business taxes, insurance premium and other fixed debts.

However, the factor would provide factoring services for the (6) ...**supplier** ...only if they were able to (7) ...**assess** ... the risk of the customers given credits. They need to assess the debtors' credit status and credit worthiness before they decide to purchase the supplier's account receivable. The information on credit rating is (8) ...**hard** ... to come by in Vietnam at present. The credit bureaus of banks are not (9) ...**modern** ... enough and do not have the (10) ...**sufficient** ... credit information on necessary customers. It's the main reason why the Vietnamese banks have not provided factoring services yet.

B. Answer the questions:

1. How many advantages of factoring to the suppliers are there according to the text?
What are they?

They are:

- **enables the supplier to raise money from the unpaid invoices, solving the shortage of capital for their further production**
- **the suppliers don't have to employ extra staff to collect payments from their customers and pay interest on the money used by their customers**
- **the suppliers can take advantage of factoring services to regulate their cash flow position, that is to avoid the negative cash flow position**

2. How can the suppliers use factoring to regulate their cash flow position?

By agreeing with a factoring company the date when they pay money for the unpaid invoices. The suppliers can, then, use this money to settle some fixed payments

3. When does a factoring service become feasible (= *khả thi*) ?

When they were able to assess the buyer's credit status and credit worthiness before they decide to purchase the supplier's account receivable

4. Why is factoring not available in Vietnam?

Because **the information on credit rating is hard to come by in Vietnam at present and the credit bureaus of banks are not modern enough and do not have the sufficient credit information on necessary customers**

VIII. Translate these paragraphs:

1. Payment in advance is undoubtedly the safest way for an exporter to secure settlement but buyers are seldom prepared to pay for goods in advance of shipment, other than for small consignments. The payment is generally made by the buyer through his bank by means of a draft or by international money transfer or express international money transfer in favour of the exporter.

Thanh toán ứng trước chắc chắn là cách an toàn nhất cho một nhà xuất khẩu để bảo đảm sự thanh toán nhưng những người mua hàng hiếm khi mong muốn trả tiền trước cho hàng hoá trong việc giao nhận hàng, thường chỉ là sự ký nhận một khoản tiền nhỏ. Việc thanh toán nói chung được thực hiện bởi người mua thông qua ngân hàng của anh ta bằng công cụ là 1 tờ hối phiếu hoặc chuyển tiền quốc tế hoặc chuyển tiền quốc tế tức hành cho nhà xuất khẩu.

2. With L/C, beside the advantage of a credit to the exporter, who knows that he will receive payment provided he **complies** with its terms, there are benefits to the buyer. He knows that payment will only be made by the advising bank when the exact documents specified have been received – as these are the documents of title, then once they are in the hands of the paying bank, it will only be a matter of time before they are sent to him, allowing him to collect the goods. There is, however, a risk to the issuing bank because the credit only deals with documents and not in goods, so that provided the exporter complies with the terms and conditions of the credit, he will be paid even though the crates supposedly containing the goods have been packed with sawdust and old newspapers.

Với thư tín dụng, bên cạnh ưu điểm của tín dụng cho nhà xuất khẩu, những người biết rằng anh ta sẽ nhận được khoản thanh toán theo như các điều khoản ghi trong thư tín dụng, đó là các lợi ích tới người mua. Anh ta (nhà xuất khẩu) biết việc thanh toán sẽ chỉ được thực hiện bởi ngân hàng tư vấn khi những chứng từ chính xác được chỉ rõ đã được nhận – theo như những chứng thư sở hữu, sau đó các chứng từ này sẽ được chuyển tới ngân hàng thanh toán, nó chỉ còn là vấn đề thời gian trước khi chúng được gửi tới nhà xuất khẩu, cho phép anh ta nhận hàng hóa. Tuy nhiên, có 1 rủi ro tới ngân hàng phát hành bởi thư tín dụng chỉ kèm bộ chứng từ và không kèm hàng hoá, do vậy khi cấp cho nhà xuất khẩu theo như điều khoản và điều kiện trong thư tín dụng, anh ta (nhà xuất khẩu) sẽ được trả tiền dù những toa hàng theo giả thiết chứa đựng hàng hóa chỉ là mùn cưa và những tờ báo cũ đi chẳng nữa.

⇒ Khiếp, đoạn này dịch khó thế ☹

3. Documentary letters of credit may be of two types: **revocable or irrevocable**. A **revocable credit** gives no undertaking to the exporter that payment will actually be made or a bill of exchange accepted because it may be cancelled or amended at any time up to presentation of the documents without the prior knowledge of the exporter. An **irrevocable credit** does not suffer from this disadvantage and consequently is almost invariably specified in contracts: under such a credit, the issuing bank gives its irrevocable undertaking to make the payment if all the terms of the credit are met, and can only amend or cancel the credit with the consent of all parties.

Thư tín dụng kèm chứng từ có thể có 2 loại: huỷ ngang và không thể huỷ ngang. Một bức thư tín dụng huỷ ngang được gửi vô điều kiện tới nhà xuất khẩu thể hiện khoản thanh toán sẽ chắc chắn được thực hiện hoặc 1 tờ hối phiếu đã được chấp nhận bởi nó có thể được huỷ bỏ hoặc điều chỉnh tại bất kỳ lúc nào mà không cần báo trước cho nhà xuất khẩu. Một bức thư tín dụng không thể huỷ ngang không có sự bất lợi này và vì vậy gần như không có việc thay đổi các điều khoản đã xác định trong hợp đồng: ví dụ việc gửi đi một bức thư tín dụng, ngân hàng phát hành gửi đi cam kết không huỷ bỏ nó để thực hiện thanh toán nếu tất cả các điều khoản trong thư được đồng thuận, và chỉ có thể điều chỉnh hoặc huỷ bỏ thư với sự chấp nhận của tất cả các bên.

IX. Game

Look through the information

- Bank X has correspondent relationship with three foreign banks, A, B & C.
- The Bank experiences a delay of 30 days in the payment of confirmed documentary credits by Bank A & a delay of 50 days in the case of Bank C.
- The Bank provides Bank A with a line for confirmation of credit up to \$2 million. It provides the bank which pays confirmed documentary credits at sight with a line for confirmation of credits up to \$3 million.
- Bank X also provides one of the banks with a line for conformation of credits up to \$1 million, and the economy of the latter's bank country depends on exports of coal. The bank which pays confirmed documentary credits at sight is in a country where the national economy depends on exports of machinery.
- NH (NH X) có kinh nghiệm (thương) từ hoàn 50 ngày trong thanh toán khi nhận được tín dụng chứng từ xác nhận từ NH đại lý A và từ hoàn 50 ngày trong trường hợp nhận từ NH đại lý C.

- NH (NH X) cấp cho NH đại lý A hạn mức tín dụng tối đa là 2 triệu USD. NH X cũng cấp cho NH đại lý có tín dụng chứng từ trả ngay một khoản hạn mức tín dụng 3 triệu USD
- NH X cũng cấp hạn mức tín dụng 1 triệu USD cho 1 trong các NH đại lý này, các ngân hàng thuộc các nước có nền kinh tế phụ thuộc xuất khẩu than đá. NH X sẽ thực hiện thanh toán ngay cho NH đại lý tại nước có nền kinh tế quốc dân phụ thuộc xuất khẩu máy móc.

Given this information, which of Bank X's correspondent banks:

1. pays confirmed documentary credits at sight?
2. has a line for conformation of credits up to \$1 million?
3. is in the country where the economy depends on oil revenues?

Dựa vào các thông tin trên, NH nào là NH đại lý của NH X trong việc:

1. Thanh toán các tín dụng chứng từ xác nhận trả ngay ?
2. Có hạn mức tín dụng là 1 triệu USD ?
3. Tại nước có nền kinh tế phụ thuộc nguồn thu từ dầu ?

Answer:

	A	B	C
Delay payment	30 days	At sight	50 days
Line for conformation of credit	\$2 million	\$3 million	\$1 million
National exports	Oil revenues	Machinery	Coal

Follow the upper table, we can see:

- **Bank B** (is the Bank X's correspondent bank) **pays confirmed documentary credits at sight**
- **Bank C** (is the Bank X's correspondent bank) **has a line for conformation of credits up to \$1 million**
- **Bank A** (is the Bank X's correspondent bank) **is in the country where the economy depends on oil revenues**